

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)	
ALPENA POWER COMPANY)	
to commence an energy optimization cost)	Case No. U-18330
reconciliation proceeding for the 12-month period)	
ending December 31, 2016.)	
_____)	

At the September 15, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On April 24, 2017, Alpena Power Company (Alpena) filed an application, with supporting testimony and exhibits, requesting authority to reconcile its energy optimization plan (EOP) revenues and costs for the 12-month period ended December 31, 2016, and to revise its energy waste reduction (EWR)¹ surcharges in accordance with its forecasted EWR revenue requirements for 2018.

A prehearing conference was held on June 20, 2017, before Administrative Law Judge Sharon L. Feldman. Alpena and the Commission Staff participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agree

¹ With the enactment of 2016 PA 342, energy optimization is now EWR.

that the amount Alpena paid to the independent energy optimization program administrator in 2016 exceeded the amounts surcharged to Alpena's customers in the amount of \$1,448, plus interest of \$609. Adding this underrecovered amount to the 2015 underrecovery results in a cumulative underrecovery of \$31,814, which the parties agree shall be reflected as the beginning balance for Alpena's 2017 EWR reconciliation.

The parties also agree that Alpena shall pay \$508,683 to the state administrator for calendar year 2018, and that the revised tariff sheet, attached as Exhibit 1, to the settlement agreement, shall be effective for bills rendered on and after January 1, 2018.

The Commission finds that the settlement agreement is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The settlement agreement, attached as Exhibit A, is approved.

B. Alpena Power Company's proposed reconciliation of the 2016 energy optimization revenues and costs is approved, and the resulting net underrecovery of \$31,814, including interest through December 31, 2016, shall be reflected as the beginning balance for the 2017 energy optimization plan reconciliation.

C. Alpena Power Company shall pay \$508,683 to Efficiency United for calendar year 2018.

D. The revised energy waste reduction surcharges, set forth in Exhibit 1 to the settlement agreement, are approved for bills rendered on or after January 1, 2018.

E. Thirty days prior to the implementation of new surcharges on January 1, 2018, Alpena Power Company shall file with the Commission a tariff sheet substantially similar to that contained in Exhibit 1 to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any person desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General – Public Service Division at pungpl@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General – Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of September 15, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the Application of)	
ALPENA POWER COMPANY to)	
commence an Energy Optimization Cost)	Case No. U-18330
Reconciliation proceeding for the 12-)	(Energy Optimization Cost Reconciliation)
month period ending December 31, 2016)	
_____)	

SETTLEMENT AGREEMENT

Alpena Power Company (Alpena) by and through its attorney, James D. Florip, of the law firm of Gillard, Bauer, Mazrum, Florip, Smigelski & Gulden, and the Michigan Public Service Commission Staff (Staff) by and through its attorney, Assistant Attorney General Michael J. Orris, hereby present this Settlement Agreement in resolution of the above matter.

1. On April 24, 2017, Alpena filed its application for an energy optimization cost reconciliation proceeding for the 12-month period ending December 31, 2016; Alpena's application included its Energy Optimization forecast for the calendar year 2018. Concurrently with its application, Alpena filed testimony and exhibits in support of its position. Based on calculations, Alpena determined that it under-recovered its energy optimization revenue requirement, including interest thereon, by a total amount of \$31,814 cumulative for the time period 2009-2016. Alpena has requested authority to roll the Energy Optimization surcharge under-recovery amount of \$31,814 into the 2017 plan year. In

addition, Alpena has requested that for calendar year 2018, its payments to the state administrator and its revenue requirement in the nature of a charge to its customers, be approved at a level of \$508,683.

2. On May 19, 2017, the Michigan Public Service Commission (Commission) issued its notice of hearing, setting this matter for a prehearing conference on June 20, 2017. Pursuant to the Commission's direction, Alpena mailed a copy of the notice of hearing to all cities, incorporated villages, townships, and counties in its service area and published the notice of hearing on a daily newspaper in its service territory. No parties sought to intervene. The prehearing conference was conducted by Administrative Law Judge Sharon L. Feldman. Alpena and the Commission Staff participated in the hearing.

Alpena and Staff commenced discussions subsequent to the prehearing conference resulting in this Settlement Agreement.

The parties agree as follows:

1. Energy Optimization Under-Recovery:
 - a. The under-recovery, plus interest, of payments to the state administrator, Efficiency United, for 2015, in the amount of \$29,757, was reflected as the beginning balance for 2016. That amount, plus the net under-recovery of \$1,448, plus interest for 2016 of \$609, results in a total net under-recovery plus interest as of December 31, 2016 of \$31,814.
 - b. Alpena has adjusted its payments to the state administrator due to two of Alpena's customers electing to self-direct energy optimization plans.
 - c. The expenditures of Alpena to comply with the energy optimization requirements and charged to its customers were reasonable and prudent and in accordance with the provisions of 2008 PA 295.

d. Alpena will reflect the 2016 energy optimization surcharge under-recovery plus accumulated interest in the amount of \$31,814, as the beginning balance of its 2017 plan year.

2. Energy Optimization (now known as Energy Waste Reduction) Forecast for 2018:

a. Alpena will pay \$508,683 to Efficiency United for the calendar year 2018, with corresponding revenue requirements from its customers.

b. The revised tariff sheet attached as Exhibit 1, effective January 1, 2018, will implement the surcharge related to the revenue requirements for 2018.

3. It is the opinion on the parties that this Settlement Agreement is in the public interest and will aid the expeditious conclusion of this case, this Settlement Agreement is intended for final disposition of this proceeding, and the parties join in respectfully requesting the Commission to grant prompt approval of the Settlement Agreement.

4. This Settlement Agreement will become binding upon the parties only if the Commission accepts and approves it without modification. If the Commission does not approve this Settlement Agreement without modification, it shall be withdrawn and shall not constitute any part of the record in the proceeding or be used for any purpose whatsoever.

5. This Settlement Agreement has been made for the sole and express purpose of reaching a compromise among the positions of the signatories without prejudice to their rights to take new and different positions in other proceedings. All offers of settlement and discussions relating to this Settlement Agreement shall be considered privileged under MRE 408. If the Commission approves this Settlement Agreement without modification, the parties shall make no reference to or use the Settlement Agreement or the order approving it as a reason, authority, rationale, or example for taking any action or position or making any subsequent decision in any other case or proceedings; provided,

however, such references or use may be made to enforce the Settlement Agreement and order.

6. All parties waive Section 81 of the Administrative Procedures Act of 1969, as amended, MCL 24.281.

Dated: August 17, 2017

MICHIGAN PUBLIC SERVICE COMMISSION



By: _____
Michael J. Orris (P51232)
Its: Attorney

Dated: August 17, 2017

ALPENA POWER COMPANY

James D.
Florip

By: _____
James D. Florip (P26861)
Its: Attorney

Digitally signed by James D. Florip
DN: cn=James D. Florip, o=Gillard,
Bauer, Mazum, Florip, Smigelski &
Gulden, ou,
email=jdfiorip@gillardlaw.com, c=US
Date: 2017.08.17 09:37:36 -04'00'

ALPENA POWER COMPANY

EXHIBIT 1 TO SETTLEMENT AGREEMENT

TARIFF SHEET EFFECTIVE JANUARY 1, 2018

SURCHARGES
(continued from Sheet No. D-4.01)

<u>Rate Schedule</u>	<u>Renewable Energy Surcharge Effective July 2015 Bill Month</u>	<u>Energy Waste Reduction Surcharge Effective January 2018 Bill Month</u>
Residential	\$0.00/meter/month	<i>\$0.00263/kWh</i>
General Service	\$0.00/meter/month	<i>\$2.64/meter/month</i>
Standard Power	\$0.00/meter/month	<i>\$43.17/meter/month</i>
Large Power (less than 13,200 volts)	\$0.00/meter/month	<i>\$304.83/meter/month</i>
Large Power (13,200 volts or higher)	\$0.00/meter/month	<i>\$304.83/meter/month</i>
Large Industrial (13,200 volts or lower)	\$0.00/meter/month	<i>\$1,141.33/meter/month</i>
Large Industrial (higher than 13,200 volts)	\$0.00/meter/month	<i>\$908.83/meter/month</i>
Large Industrial (>13,200 volts-Self Direct)	\$0.00/meter/month	<i>\$207.17/meter/month</i>
Outdoor Protective Lighting (100 watt)	\$0.00/meter/month	<i>\$0.23/light/month</i>
Outdoor Protective Lighting (250 watt)	\$0.00/meter/month	<i>\$0.38/light/month</i>
Street & Highway Lighting	\$0.00/meter/month	<i>\$0.19/light/month</i>
Special Power Contracts(Self Direct)	\$0.00/meter/month	<i>\$459.50/meter/month</i>

Issued XXXXXXXXXXXX by
Gary D Graham, President
Alpena, MI 49707

Effective for services rendered on
and after January 1, 2018

Issued under authority of the
Michigan Public Service Commission